

MAKING POSTAL HISTORY IN 2003

HIGH FIVE!

Yes, we deliver! USPS continues to provide record on-time delivery performance. **In the latest EXFC (External First-Class) measurement, for the first quarter of FY 2003, USPS achieved a 94 percent on time delivery service performance score.** It's the third consecutive quarter that EXFC scores have reached this benchmark.

The Erie, Big Sky, Albany, Dakotas and Lakeland performance clusters each achieved on-time delivery performance scores of 96 percent. Thirty-seven additional PCs reached the 95 percent mark. Since spring 1997, First-Class Mail designated for next-day delivery has been delivered on time at least 93 percent of the time, or better.

And how about customer satisfaction? According to the Gallup Organization, 93 percent of households nationwide maintain a positive view of USPS. **They like us, they really do.**

EXFC OVERNIGHT	
AKRON	95
ALABAMA	93
ALASKA*	95
ALBANY	96
ALBUQUERQUE	95
APPALACHIAN	95
ARIZONA	95
ARKANSAS	94
ATLANTA	95
BALTIMORE	95
BIG SKY	96
BOSTON	94
CAPITAL	95
CARIBBEAN	92
CENTRAL FLORIDA	94
CENTRAL ILLINOIS	95
CENTRAL NEW JERSEY	92
CENTRAL PLAINS	95
CHICAGO	93
CINCINNATI	95
CLEVELAND	94
COLORADO/WYOMING	94
COLUMBUS	94
CONNECTICUT	95
DAKOTAS	96
DALLAS	94
DETROIT	94
ERIE	96
FORT WORTH	95
GATEWAY	94
GREATER INDIANA	94
GREATER MICHIGAN	94
GREATER S CAROLINA	94
GREENSBORO	94
HARRISBURG	95
HAWKEYE	95
HONOLULU	95
HOUSTON	93
KENTUCKIANA	95
LAKELAND	96
LANCASTER	93
LONG BEACH	94
LONG ISLAND	94
LOS ANGELES	94
LOUISIANA	91
MAINE	94
MID-AMERICA	94
MID-CAROLINAS	95
MIDDLESEX-CENTRAL	95
MISSISSIPPI	95
NEVADA-SIERRA	95
NEW HAMPSHIRE	95
NEW YORK	94
NORTH FLORIDA	94
NORTHERN ILLINOIS	93
NORTHERN NEW JERSEY	93
NORTHERN VIRGINIA	95
NORTHLAND	94
OAKLAND	94
OKLAHOMA	95
PHILADELPHIA	93
PITTSBURGH	95
PORTLAND	94
RICHMOND	95
RIO GRANDE	93
ROYAL OAK	93
SACRAMENTO	94
SALT LAKE CITY	93
SAN DIEGO	95
SAN FRANCISCO	93
SAN JOSE	95
SANTA ANA	94
SEATTLE	95
SOUTH FLORIDA	95
SOUTH GEORGIA	94
SOUTH JERSEY	93
SOUTHEAST NEW ENGLAND	94
SPOKANE	95
SPRINGFIELD	94
SUNCOAST	95
TENNESSEE	94
TRIBORO	93
VAN NUYS	94
WESTCHESTER	94
WESTERN NEW YORK	95

*2-day service commitment only

FUNDING CSRS: CONSENSUS.

When it comes to the issue of the way USPS funds the Civil Service Retirement System (CSRS), just about everybody in the mailing industry is sitting on the same side of the table. They agree it should be changed.

The four major employee unions, three management associations and many mailing industry groups signed a letter to President Bush asking for his support of a bill that would change the USPS formula for funding CSRS. A government review found that USPS will overpay its obligation to CSRS if the funding formula isn't changed.

Only legislation approved by Congress can change the way CSRS is funded by USPS. OPM has drafted such legislation, and the letter says "Congress must pass the OPM-drafted legislation soon." Signing the letter were the American Postal Workers Union,

YES.

National Association of Letter Carriers, National Postal Mail Handlers Union, National Rural Letter Carriers Association, National Association of Postal Supervisors, National Association of Postmasters of the United States and National League of Postmasters.

Among others signing were the Association for Postal Commerce, Direct Marketing Association, International Paper, Magazine Publishers of America, Mailers Council, National Retail Federation and Newspaper Association of America.

MISDELIVERY SPOILS IT FOR EVERYONE

Misdelivery. Put yourself in our customers' shoes. **How would you feel if you mailed a personal letter or birthday card, sealed with a kiss, to someone you love and it never got there?** What if you were the intended recipient and you spent days waiting for the letter that never arrived? Disappointment puts it mildly. Now ask yourself this really important question ... would you keep comin' back for more of the same? Not.

Now, let's say the recipient — albeit the wrong recipient — cares enough to put the misdelivered envelope back into the mailstream. Great, right? Think again. **The cumulative costs of handling mailpieces a second or third time can add up.** And around here, it's already

crunch-time, financially speaking. We have to deliver to the right address the first time.

The Postal Service handles more than 46% of the world's card and letter mail volume. We operate a transport and delivery fleet of 215,530 vehicles that drive a combined total of 1.15 billion miles a year. We spend billions annually in air and highway transportation costs to move mail on just about anything movin' ... airplane, car, truck, railroad, boat and mule. **And 139 million homes and businesses count on us to deliver their mail.**

Everyone, everywhere, every day doesn't work when we don't deliver it right.

VOLUME UP, EXPENSES DOWN

The calendar may have just flipped to a new year, but in financial terms, fiscal year 2003 is well underway. In the first quarter — Sept. 7 through Nov. 29 — USPS processed and delivered 49.3 billion pieces of mail — an increase of 742 million compared to the year before. Standard Mail volume increased 1.5 billion pieces, driven by election mail, while First-Class volume dropped 629 pieces.

A net income of \$1 billion was produced on revenues of \$16.3 billion. Although revenue was \$300 million less than projected, expenses were \$500 million under plan. This produced a net income of \$200 million greater than plan.

USPS will stay the course — aggressively holding the line on expenses and continuing to turn to the blueprint for success — the USPS Transformation Plan.

WHAT THEY'RE SAYING . . .

...about the presidential commission on the Postal Service? Good things.

"This is absolutely good news. The commission will offer support for Postmaster General John Potter's transformation plan, which we believe is our best hope for keeping rates down during these competitive times. This does not appear to be an attempt to privatize the Postal Service, but to recommend some needed reforms." - *Neal Denton, executive director of the Alliance for Nonprofit Mailers*

"We are pleased that the president is now engaged on the critical issue of postal reform. The commission should focus on constructive recommendations that will guarantee the continued viability of the Postal Service, which is a vital cog in our nation's economy." - *H. Robert Wientzen, president and CEO, The Direct Marketing Association*

"The president has created a first-class commission and has asked for expedited delivery of its results by next July. This could turn out to be the most important step taken to reform the postal system in the last 30 years." - *Michael J. Critelli, Pitney Bowes Chairman and CEO and president of the Mailing Industry CEO Council*

"By establishing this commission, the president has taken a big step in restoring public confidence and accountability in a postal system that, in some respects, has lost its way." The Newspaper Association of America "has long been calling for the creation of such a commission to take a hard look at the service now and for the future, and we are encouraged by the president's action." - *John F. Sturm, NAA President and CEO*

PRESIDENTIAL COMMISSION gets to work

Ring in a new era for the United States Postal Service. With a presidential commission already at work studying ways to improve USPS and secure universal mail service in the face of new technology and increasing competition, **2003 promises to be a postal history-making kind of year.** And guess what? You've got a front-row seat.

But, history making doesn't necessarily mean history shaking. This is not an effort to fix something that's hopelessly broken. USPS isn't a rusty old jalopy sitting on the side of the road watching the Jag-u-ars zip by. **We're a reliable American-made vehicle traveling a modern superhighway** with speed limits and traffic regulations that apply only to us. We have to keep to the right while everyone else is in the passing lane. It's time to do something about that.

And don't think this car's being turned into a taxi. Administration officials have made clear the goal is not to privatize USPS. **This is about protecting a fundamental American right — the right of affordable, accessible mail service for everyone.**

And that's exactly what PMG Jack Potter told the first meeting of the President's Commissions on the U.S. Postal Service Jan. 8 in Washington, DC. He said the key question for the nine-member panel is how USPS can continue to provide universal service at

affordable rates in the face of potentially declining mail volume.

"The issues related to postal services in this country are complex," Potter told the commission. He said that the mailing industry is made up of a wide spectrum of varied interests and noted there are conflicting opinions about Postal Service reform and transformation. "And everybody in this country," he said, "is a customer of the Postal Service."

Potter says the commission has an historic opportunity to offer findings and recommendations to make the postal system a viable, efficient and affordable service to all Americans well into the future.

In about six months, by July 31, the commission will submit its report to the president. In between, we won't sit on our hands and twiddle our thumbs. **We can — each of us in our own way — contribute to the final outcome by doing our jobs.** We deliver the mail. We continue to focus on service and revenue growth. We cut costs. We improve efficiency. We grow by adding value. And, especially, we keep transforming. The work of the presidential commission is consistent with — and complementary to — the USPS Transformation Plan.

New year. New possibilities. New opportunities for success.

USPS NEWS HARDCOPY

Volume 4, No. 1

JANUARY 10, 2003

DECONTAMINATION GOES SMOOTHLY

Fumigation of the P&DC on Brentwood Road in northeast Washington, DC, went without a hitch. The building was filled with chlorine dioxide gas to kill anthrax spores, then a scrubber system neutralized the gas into a salt water solution. "We are extremely

pleased with the results of this process," says Engineering Vice President Tom Day. "It represents a tremendous effort among all parties involved."

Technicians collected 8,000 spore strips that measure the chlorine dioxide's effectiveness

in killing anthrax. Results are expected by mid-January. An independent scientific review committee will look at test results and certify that the facility is safe based on a "no growth" standard. USPS isn't part of that committee.

The Brentwood facility was renamed in memory of Joseph Curseen Jr. and Thomas Morris Jr. — two postal employees who died after two letters containing anthrax passed through the facility. It's been closed since October 2001.

FEEDBACK WANTED IT'S YOUR VOICE. SO SOUND OFF.

The latest Voice of the Employee (VOE) survey is in the mail. **Your feedback is critical to the continued success of the Postal Service.** USPS surveys 25 percent of employees each quarter. By the end of the fiscal year, every employee is surveyed.

If you receive the current survey this month, fill it out, place it in the postage-paid envelope and drop it in the mail. It's that simple. **And it's important.**

QUOTABLE

"Our goal is not to privatize the Postal Service."

Peter Fisher, Deputy Under Secretary of the U.S. Treasury for Domestic Finance

Published by Public Affairs and Communications. Questions or comments? Please contact us at: Public Policy Group, Room 10626, United States Postal Service, Washington, DC 20260-3100